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SIPDIS

SENSITIVE

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E.O. 12958: N/A

TAGS: PGOV ECON PREL CVIS BD

SUBJECT: BERMUDA: PREMIER GIVES UNITY SPEECH, TOUCHES ON RELATIONS WITH THE U.S.

Summary

¶1. (U) In a wide-ranging televised speech to the people of Bermuda on October 15 - three weeks prior to the November 6 Throne Speech - Premier Ewart Brown used Bermuda's 400th birthday to call for unity. Brown defended his government's performance during the global economic recession. He also discussed the progress made on addressing Bermudian's social/economic needs. Brown addressed several issues relating to the United States. He promised to continue lobbying against possible harmful tax changes that would affect international businesses in Bermuda; proposed two initiatives with the U.S. - a partnership with the US Coast Guard and renegotiation of environmental remediation of a former US Navy base; and undertook to work with the State Department to get relief on visa ineligibilities, the so-called "stop list." He also made a case for Bermuda taking control from the UK over Bermuda's Police Service in order to tackle the growing crime rate. The opposition welcomed the premier's call for unity while criticizing him for his divisive politics. End summary.

Bermuda Holding Its Own During Economic Recession ~

¶2. (U) Premier Brown addressed how the global recession had impacted Bermuda's two pillars - tourism and international business. In the midst of public criticism that the government had not followed through on its plans to bring new hotels to the island, Brown attempted to reassure the public that developers were still committed and that Bermuda would rebound in the tourism sector. (Note: the premier is also the Minister for Tourism.) He hailed Bermuda's position on the OECD's "white list" jurisdiction in compliance with internationally agreed upon tax standards."

~ But Concerned about U.S. Tax Laws

¶3. (U) Brown complained about international businesses moving away from Bermuda because "they can potentially be negatively impacted by the whims of a U.S. Congress." He continued to discuss the "perceived threat of unfavourable U.S. taxation." The Premier outlined his government's lobbying efforts in Washington and promised to "~-continue our unrelenting efforts against enactment of legislation that would be harmful to our economy~-we will step up our efforts even more to convince the United States of our value and of the negative consequences the U.S. itself will incur with unfavourable tax treatment of insurance and other companies located in places like Bermuda."

Partnering with the U.S. Coast Guard

¶4. (U) Premier Brown stated that the Government was working on an initiative to partner with a US Coast Guard program, "~-where as a partner country we would be provided with high-speed interceptor boats, special communication equipment and, importantly, training of Bermudian public safety officers in drug interdiction and maritime law enforcement." (Note: While the Government of Bermuda raised this after the Navy base closed, this is the first we have heard of it in years. The Coast Guard already assists in search and rescue operations in

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the waters between the U.S. and Bermuda.)

Cleaning Up Former US Naval Air Station

¶5. (U) The Premier told the public that the government is "redoubling our efforts to persuade the U.S. government to reopen and renegotiate the clean-up of Morgan's Point." He added that he would keep the public apprised of the government's progress. (Note: This issue hit the press on September 26 when the Premier said he had raised this with Attorney General Holder.)

Relaxing the "Stop List"

¶6. (U) Premier Brown indicated that the Government of Bermuda is "~-committed to working with the US State Department to get relief from what Bermudians call the 'stop list.' We believe that it is unfair and unjust for someone who committed a minor criminal offence 20 years ago to be prevented from travelling to the US, or to have to undergo the humiliating experience of being stopped and detained. We understand clearly that these laws affect people all over the world - they were not just written for Bermuda. But your government will be aggressive in seeking innovative solutions to prevent young people from ever getting on the so-called 'stop-list.' We shall also work on behalf of older people who have long-since paid their debt to society, and deserve to be able to freely travel."

Comment

17. (SBU) Bermudians had speculated that the Premier might call for snap elections during the speech, so his call for unity and no mention of snap elections was an unstated promise and assurance of political stability. Commentators also interpret his speech to mean that he will depart office as planned in October 2010. Post will follow up with government to determine what type of partnership with the Coast Guard Bermuda would like to pursue.

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